

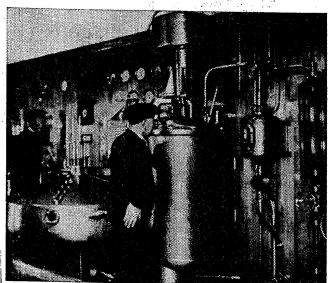
Factors that make price reductions possible

EACH of I.C.I.'s most recent annual reports, those for 1959 and 1960, has contained an estimate of the extent of the price reductions introduced by the company during the year under review. In 1959, according to the report for that year, the prices of "a consider-



Flexible fuel tanks from the Martin Excelsior factory at Wolverhampton awaiting packing before dispatch.

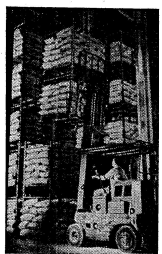
Left: The Biazzi plant at Ardeer in Ayrshire. It has television remote control and can produce 2,500lb. of nitro-glycerine every hour.



able number" of the company's "main products" were reduced; and the report went on to say that the "average decrease" for all the main products was 22 per cent in comparison with 1958. The company's sales to external customers and to subsidiaries at home and abroad that year had risen by nearly £25m.—about 8 per cent—to £321m. but, as the report explained, the increase in the aggregate value "was because of higher volume, and not because of higher prices". The report for 1960, dated April, 1961, went into more detail. Sales in the home market were 9 per cent higher in value than in 1959, but "the volume of sales was 11 per cent higher". As the result of further price reductions which the company made during the year, "home prices fell by about 2 per cent overall" equivalent to a reduction of about 45m. in income. The principal products affected, the report continued, were Alkathene, "the price of which is now one-third less than

three years ago", fertilizers, a number of basic chemicals such as chlorine, products based on chlorine, methanol and phenol.

A detailed account of the price movements of even the principal products



A fork-lift truck at the Dumfries factory stacking sacks of finished pentarythritol, used in making paints and plastics.

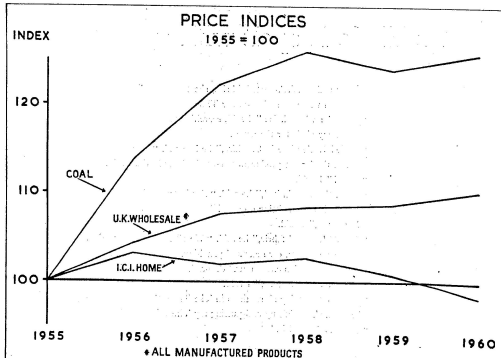
from I.C.I.'s list of over 12,000 would be difficult to compile and of doubtful utility to the general reader. The movements of the four products shown in the accompanying table illustrate a fraction of the detail underlying the general estimates. The price of Alkathene, for instance (after rising sharply in 1951) fell by nearly 44 per cent between 1950 and 1960. Falls of well over one half were recorded in the prices of penicillin (between 1950 and 1960) and of titanium (between 1954 and 1960). But the price of Terylene staple fibre fell from 12s. 4lb. in 1954 to 10s. 6d. in 1955, or by one-eighth, and has since remained at the same level.

The prices shown illustrate four of the price reductions and none of the price increases. Many factors have to be taken into account in making such commercial decisions. Increased activity in British industry as a whole will allow previously underemployed production capacity to be brought into full use—as it did in 1959—and thus lower costs of production; the use of new processes in existing plants or of new plants leads to more efficient production and has the same effect. As Mr. Chambers said in his speech at the annual general meeting on May 18, "a reduction of 2 per cent in prices may not sound large but this is the average achieved over the whole range of our sales in this country, in spite of increases in basic wage rates during the year for both craftsmen and general workers, and should be considered in the light of price increases in many other industries". The movements of the index numbers shown graphically below illustrate the argument. By 1960 coal prices were about one quarter higher than in 1955 and wholesale prices about one tenth higher, but the average of I.C.I. home prices had fallen.



Refined bicarbonate of soda being packed into low bags at the Winnington works, Northwich.

EMPLOYEES IN ROUND NUMBERS BY DIVISION				
JANUARY 1, 1961				
Division	Staff	Payroll	Total	
Head Office	2,600	900	3,500	
Regional Sales Offices	2,400	8,100	10,500	
Alkali	2,750	12,850	15,600	
Billingham	3,700	14,950	18,650	
Dyestuffs	3,450	14,950	18,400	
Fibres	1,200	2,700	3,900	
General Chemicals	4,000	16,000	20,000	
Heavy Organic Chemicals	1,300	1,450	2,750	
Metals	2,400	11,500	13,900	
Nobel	1,950	1,200	3,150	
Pharmaceuticals	2,600	3,350	5,950	
Plastics	850	750	1,600	
Sovereign Site	3,300	5,050	8,350	
Wilton Works	90	50	140	
Total	36,950	76,350	113,300	



PRICES OF SELECTED PRODUCTS												
END OF YEAR PRICE												
	Unit	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
ALKATHENE brand of Polythene	Sh./lb.	3/3	4/3	3/9	3/9	3/2	3/2	2/11	2/9	2/6 1/2	2/3 1/2	1/10
TERYLENE Staple fibre Cotton	Sh./lb.	—	—	—	—	12/0	10/6	10/6	10/6	10/6	10/6	10/6
PENICILLIN G	Sh./100 mega unit vials	3/12	2/10 1/2	2/6	1/10 1/2	1/9	1/4 1/4	1/4 1/4	1/4 1/4	1/4 1/4	1/4 1/4	1/4 1/4
TITANIUM—Commercially Pure Sheet	Sh./lb.	—	—	—	—	1162/0	140/0	140/0	122/0	111/0	85/0	75/0

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